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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 04/25/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, April 24, 2006

NIHON KEIZAI (Page 2) (Full)

April 25, 2006

09:49

Met Finance Minister Tanigaki at Kantei. Followed by Deputy Chief Cabinet Secretary Suzuki.

11:01

Attended an Upper House plenary session.

12:31

Arrived at Kantei.

13:59

Met Secretary General Takebe.

15:02

Met Austrian Chancellor Schuessel.

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16:03

Met students of the international school Horizon Academic in Tsurumi-ku, Yokohama. Met Japan Coast Guard head Ishikawa.

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17:00

Attended an executive meeting in the Diet building.

17:17

Arrived at Kantei.

17:45

Held a meeting with EU Committee Chairman Barroso and Schuessel at his official residence.

19:07

Held a joint press conference at Kantei. Later, enjoyed performance of the Vienna Boy's Choir. Presented a kesho mawashi to sumo wrestler Kotooshu. Later, dined with the EU leaders.

21:33

Returned to his official residence.

4) JDA chief Nukaga told Prime Minister before trip to US that he would aim in negotiations for a 60% share of cost of Guam relocation

TOKYO (Page 3) (Abridged)

April 25, 2006

Prior to his trip to the United States in connection with the issue of Japan's share of the cost of relocating US Marines now on Okinawa to Guam, Defense Agency (JDA) Director General Fukushiro Nukaga met with Prime Minister Koizumi and told him of his plan to aim in the negotiations for Japan to bear a 60% share of the cost. "I am hoping for Japan to pay 30% (in fiscal expenditures from the General Account budget), and 30% (in reimbursable loans)." This was revealed by a government source on April 24.

The agreement between the Japanese and US governments has Japan paying a 59% share of the cost, or \$6.19 billion, out of a total of approximately \$10.27 billion.

According to the government source, Foreign Minister Taro Aso on April 21 during a meeting of relevant cabinet ministers proposed the 30 % -30% solution and Nukaga accepted it. He informed the Prime Minister that he would negotiate with the US according to the Aso proposal and the Prime Minister accepted the plan.

5) Cost sharing issue settled under Defense Agency's lead with US ambassador serving as intermediary; Koizumi left matter entirely

to Nukaga

NIHON KEIZAI (Page 2) (Abridged slightly)
April 25, 2006

Hiroshi Maruya, Washington

The US force realignment issue has been settled owing to the initiative displayed by the Prime Minister's Official Residence (Kantei) and the Defense Agency with US Ambassador to Japan

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Thomas Schieffer, who enjoys the confidence of US President George W. Bush, acting as an intermediary between Japan and the US Defense Department. The article takes a look at what took place behind the Japan-US talks.

Finance Ministry also gives a push

On the night of April 23, Defense Agency Director General Fukushiro Nukaga stood before television cameras in front of the Defense Department along with Defense Secretary Donald Rumsfeld, who had not received Nukaga when he arrived in the US, to brief on the results of their talks. Nukaga hailed the results of his talks with Rumsfeld, saying, "With this agreement, the two countries will continue to be extremely close and important allies."

Nukaga had left Japan for the US with no fixed timetable for his talks with Rumsfeld. As a result, he had to change his hotel from one in downtown Washington to another near the Defense Department. Nukaga prepared himself for his talks with Rumsfeld by postponing his departure from the US until Sunday night to be ready for a cabinet meeting back in Japan on Tuesday.

Cabinet talks usually end with an accord based on groundwork laid out by government offices. But this time around, Nukaga had to take his chances, though he was armed with full authority given by Kantei and channels for direct talks with the US government.

On March 21, shortly after the Pentagon revealed that it had asked Japan to bear 75% of the total cost, Prime Minister Junichiro Koizumi essentially gave Nukaga full power to negotiate with the US on all aspects, including finances. In the past, this sort of matter would have been handled under the Foreign Ministry's lead, but this time it was entrusted to the Defense Agency led by Nukaga and Administrative Defense Vice Minister Takemasa Moriya. Koizumi's decision gave birth to a setup in which the Kantei and Defense Agency took the lead and were backed up on fiscal matters by the Ministry of Finance.

A week later, Koizumi and Nukaga had dinner with LDP Security Research Commission Chairman Taku Yamasaki. Koizumi told Yamasaki that the Defense Agency would take the lead, thus cutting off the LDP from realignment talks.

On April 5, Nukaga learned that senior working-level talks in Washington ended in failure. This prompted him to make up his mind to seek a political settlement. On April 13, visiting US Deputy Under Secretary of Defense Richard Lawless thanked Nukaga for a plan to build two runways in a V-shape to replace Futenma Air Station. But chances were slim that the US would concede on the relocation cost.

One hour before leaving the US

Around that time, US Ambassador to Japan Schieffer visited the Kantei and got involved in the negotiations. Schieffer had been exhibiting a flexible stance all along by suggesting some fine-tuning to the Futenma relocation plan.

Nukaga had been in close contact with Schieffer to feel out Washington's intention. Nukaga briefed Koizumi on April 17 and 120. Koizumi said: "Japan's annual host nation support is 600

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billion yen. It's not proper to separate the Guam relocation cost alone from HNS." Koizumi and Nukaga confined the need to come up with a figure that was convincing to the public. Nukaga then left for the US.

"Nukaga-san," Schieffer called on the Japanese defense chief as he received him at the US Defense Department. In his talks with Nukaga that lasted over three hours, Rumsfeld even said at one point, "If Japan cannot finance it, we can call off the Marine relocation plan." Looking back on his talks with Rumsfeld, Nukaga said at the press conference, "The talks encountered a number of difficulties, but we managed to reach an agreement after three breaks." It was only one hour before his flight back to Japan via Europe.

6) Opposition parties criticize Japan-US agreement on sharing US Marines relocation cost as "unprecedented"

ASAHI (Page 4) (Full)
April 25, 2006

Commenting on an agreement reached between Japan and the United States on sharing the cost of relocating US Marines from Okinawa to Guam, the main opposition party Minshuto (Democratic Party of Japan) released yesterday a statement in the names of foreign minister and defense chief of its "Next Cabinet" that went:

"It is internationally unprecedented to spend money from the national treasury on relocating the military facilities of an allied country. The government might implement the agreement without letting the public know the breakdown of the cost that Japan will share. We would like to thoroughly examine it."

The Japanese Communist Party's Head of the Secretariat Tadayoshi Ichida made a critical comment on the bilateral accord at a press conference yesterday:

"It is only natural for the United States to pay the whole cost. The United States will relocate Marines from Okinawa to Guam for the time being in order to realize its global strategy. It is not for reducing Okinawa's burden."

Social Democratic Party Secretary General Seiji Mataichi released a statement that went: "We cannot accept that Japan will share the cost of building US military facilities in the United States. Such would go against Japan's fiscal reconstruction efforts."

7) Ruling camp praises but Minshuto calls for "thorough probe" into US-Japan agreement on cost-sharing of Guam relocation; Issue to be debated in latter half of Diet session

NIHON KEIZAI (Page 2) (Excerpt)
April 25, 2006

Voices of approval yesterday came in succession from the government and ruling parties for the settlement of the issue of relocating Okinawa Marines to Guam. However, Minshuto (Democratic Party of Japan) is taking a stance calling for severe scrutiny of the contents of the agreement. The issue is likely to become a focus for debate in the latter half of the current Diet session.

Minshuto yesterday issued a statement that read: "Even though an

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agreement has been reached between the Japanese and US governments, since Japan is a democratic state, the agreement needs to be strictly checked and approved by the Diet. I would like to see a thorough probe into the agreement."

8) Government to disburse 4.3 billion yen to finance plan for extended MSDF deployment in Indian Ocean

MAINICHI (Page 5) (Full)
April 25, 2006

The government decided in its administrative vice ministerial conference yesterday that it would disburse 4.384 billion yen from the reserve fund for fiscal 2006 to finance its plan to extend through Nov. 1 the deployment of the Maritime Self-Defense Force (MSDF) in the Indian Ocean based on the Special Antiterrorism Law. The balance of the fund will be 45.392 billion yen.

9) Defeat in Lower House by-election creating commotion in LDP; Dark clouds threatening Abe's lead in LDP presidential race

ASAHI (Page 3) (Excerpts)
April 25, 2006

"We could not win the election even though we fully took advantage of Mr. Abe's popularity," said a Liberal Democratic Party (LDP) member yesterday a day after the LDP candidate was defeated in a House of Representatives election for the Chiba No. 7 district. The defeat in the by-election is now causing controversy over the choice of a successor to Koizumi as LDP president. Although the view is strong among LDP members that Chief Cabinet Secretary Shinzo Abe, who enjoys high popularity, should succeed Prime Minister Junichiro Koizumi, some members distancing themselves from Abe have now stressed that policies are more important than popularity. They seem to have obtained an excuse to create an anti-Abe mood.

Abe, the leading contender to succeed Koizumi as LDP president, stood out in supporting the campaign of the LDP candidate in Sunday's Lower House by-election. He went to the candidate's constituency three times to deliver speeches. Three other post-Koizumi contenders -- Foreign Minister Taro Aso, Finance Minister Sadakazu Tanigaki, and former Chief Cabinet Secretary Yasuo Fukuda -- visited only once each.

Even so, the LDP was unable to win the election. Former Prime Minister Yoshiro Mori stated in Kobe City yesterday: "We receive the feelings of voters thorough an election. Since voters have their own opinions, they cast their votes for the candidate they believe in regardless of Mr. Abe and Mr. Fukuda."

All the more because Prime Minister Koizumi also went to the constituency to give a speech, a senior LDP Upper House member said, "We have now learned that we should not rely on the prime minister's high popularity."

An aide to Abe, however, took a bullish attitude, saying:

"We will need to field a person who can compete with Minshuto (Democratic Party of Japan) President Ichiro Ozawa in the next prime ministerial race. In that case, voices calling for Mr. Abe

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to run in the race will become stronger."

Koizumi told reporters yesterday, "I think anyone who becomes LDP president would be capable of doing the job."

A mid-level lawmaker from the Shimazu faction in the LDP, however, predicted:

"There was a move looking for a possibility that factions, excluding the Mori faction, would cooperate in order to fight against Abe and the Mori faction. Such a move cannot be ruled out."

10) Poll: Cabinet support rate recovers to 50%; 50% have expectations of Minshuto head Ozawa

ASAHI (Page 3) (Excerpts)
April 25, 2006

The Asahi Shimbun conducted a nationwide opinion poll on April 22-23. The survey found that approval rating for the cabinet of Prime Minister Junichiro Koizumi was 50%, up from 46% in the

March poll. The major reason for the boost was increased support from women and young people. Meanwhile, 50% of respondents said that they had hopes for Minshuto (Democratic Party of Japan) President Ichiro Ozawa. This is the highest such rate for a new party leader, which reflects people's need for a strong political party capable of standing up to the LDP.

Some 38%, nearly unchanged from the previous survey, favored the LDP, and 17% supported Minshuto, recovering to the percentage it registered in the survey conducted last October from 13% in the previous poll.

11) Vice Foreign Minister Yachi: "Japan could conduct maritime survey near Takeshima depending on South Korea's moves"

ASAHI (Page 2) (Full)
April 25, 2006

Speaking to the press yesterday, Administrative Vice Foreign Minister Shotaro Yachi said regarding Japan's maritime survey in its exclusive economic zone (EEZ) near Takeshima, a group of disputed islets known as Dokdo in South Korea: "Theoretically speaking, we could conduct a survey if the South Korean side again makes another move, as this is our legitimate right." Tokyo and Seoul reached an agreement that South Korea would not propose new names for seafloor topographical features at an international conference in June and that Japan would call off the maritime survey. Yachi indicated, however, that Japan could resume the planned maritime survey depending on South Korea's steps.

Foreign Ministry Asian and Oceanian Affairs Bureau Director General Kenichiro Sasae also said before the LDP Maritime Policy Special Committee yesterday: "There is no agreement on what to do in June and beyond. Theoretically, Japan could resume the maritime survey."

12) Japan to propose joint survey, common names for underwater topography around Takeshima

MAINICHI (page 5) (Full)

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April 25, 2006

Administrative Vice Foreign Minister Shotaro Yachi indicated in a press conference yesterday that Japan would propose common names for underwater topography in waters around the Takeshima (Dokdo) islets, over which both Japan and South Korea claim sovereignty. Yachi said: "It is desirable (for the two countries) to conduct a joint survey, share information, and establish international names through bilateral talks." Japan and South Korea have agreed to resume talks in May on demarcating an exclusive economic zone (EEZ) in waters around Takeshima. In the talks, Japan intends to make the proposal, but South Korea is unlikely to agree to it.

Yachi stated regarding Japan's planned maritime survey near Takeshima: "It is theoretically possible that if further moves by South Korea are discovered, Japan will start a survey."

13) Foreign Ministry details Japan-South Korea negotiations on maritime survey in LDP panel; Government's responses come under fire

YOMIURI (Page 4) (Full)
April 25, 2006

In a meeting of the Liberal Democratic Party's Special Committee on Maritime Affairs (chaired by Keizo Takemi) yesterday, the Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Kenichiro Sasae reported on the details of the negotiations between Japan and South Korea over a Japanese maritime survey in waters around the Takeshima (Dokdo) islets.

In the meeting, many participants welcomed the fact that both sides managed to avert a clash. But one member complained: "Japan said that it would not conduct the survey although South Korea

still says that it will move (to propose Korean names for underwater topography). Isn't that a problem?" Another suggested: "Japan should make arrangements to bring the issue to the International Court of Justice."

Many also criticized the government's response and setup for sharing information since the Japan Coast Guard learned of South Korea's move to propose Korean names late last year.

Vice Foreign Minister Shotaro Yachi said in a press conference yesterday:

"Japan will call off the planned maritime survey. It is theoretically possible that if further moves by South Korea are discovered, Japan will start a survey, based on its legitimate right."

14) Prime Minister at Japan-EU summit discusses Iran's uranium enrichment

YOMIURI (age 4) (Full)
April 25, 2006

Prime Minister Koizumi held a regular Japan-EU summit yesterday with Chancellor Schuessel of Austria, which holds the presidency of the European Union (EU), and European Committee Chairman Barroso. They issued a joint statement expressing strong misgivings over Iran's uranium enrichment activities and calling

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on North Korea to completely abandon its nuclear programs.

The statement criticized Iran's uranium enrichment activities as "going against the resolution adopted by the International Atomic Energy Agency's (IAEA) executive board, as well as the demand in the United Nations Security Council chairman's statement." Toward North Korea, the statement called for the UN to implement the resolution critical of human rights problems in that nation adopted by the General Assembly last December.

In the meeting, Koizumi renewed his opposition to a removal an end to the EU arms embargo on China. The EU side just replied: "We understand Japan's concern."

15) Consumers show strong aversion to US beef at town meetings at 10 venues; Government aims to settle import resumption issue in June

MAINICHI (Page 11) (Excerpts)
April 25, 2006

The Ministry of Agriculture, Forestry, and Fisheries (MAFF) and the Ministry of Health, Labor, and Welfare (MHLW) have completed 10 town meetings with consumers throughout the country over the US beef import ban following the finding of vertebral columns in a US beef shipment, with the last meeting in Takamatsu yesterday. At all meetings consumers voiced views cautious about the idea of lifting the ban, indicating that they have deep-seated aversion to US beef. The government intends to settle the issue before Prime Minister Junichiro Koizumi visits the US possibly in late June. The reliability of measures to prevent a recurrence to be worked out between Japan and the US will determine the fate of beef trade.

Opinions voiced at town meetings were apparently based on skepticism about safety and distrust of the US government.

"The import ban should not be removed until the US carries out blanket testing." (Sapporo)

"The inclusion of vertebral columns is not a unique case. It is a structural problem." (Osaka)

"The government may be holding town meetings just for the sake of formality with a view to resuming the beef trade." (Takamatsu)

Only a few called for an early resumption of imports. Since bilateral talks have thus far focused on how the vertebral

columns were included, explanations provided by the government during town meetings did not cover safety measures. In this regard, a gap was seen in exchanges of views with consumers.

However, procedures to reinstate the beef trade have now undoubtedly taken a step forward. The US Department of Agriculture will shortly reinspect 37 meat-processing plants that had been authorized to export products to Japan. It has also come up with a proposal to retrain inspectors and improve its mechanisms for sharing information internally. The governments of the two countries will look into whether additional measures are necessary. They are expected to reach an agreement in principle on a resumption of US beef imports possibly in May.

At that point, the government will hold another round of similar town meetings and formally decide to reinstate the beef trade, if

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it determines that it has obtained consumer understanding. The process following the decision will likely be that the Japanese side will conduct prior inspection and the US will authorize meat packers that have cleared such inspections to ship products to Japan.

DONOVAN